HOUSE BILL No. 1521

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-37.

Synopsis: Community development area. Provides that a city or town may establish a special taxing district known as a community development area. Provides for the capture of sales taxes collected by taxpayers operating in a community development area. Provides that the tax revenue captured by a community development area must be used to pay for capital improvements in the community development area. Provides that a community development area expires 30 years after the community development area is established.

Effective: July 1, 2015.

Heaton

January 20, 2015, read first time and referred to Committee on Ways and Means.

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~
  Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
  Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1521

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1   SECTION 1. IC 36-7-37 IS ADDED TO THE INDIANA CODE AS
2   A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3   1, 2015]:
4   **Chapter 37. Community Development Areas**
5   **Sec. 1. This chapter applies only to a municipality.**
6   **Sec. 2. The following definitions apply throughout this chapter:**
7   **(1) "Budget agency" means the budget agency established by**
8   **IC 4-12-1-3.**
9   **(2) "Budget committee" means the budget committee**
10   **established by IC 4-12-1-3.**
11   **(3) "Community development area" means a geographic area**
12   **established as a community development area under section**
13   **4 of this chapter.**
14   **(4) "Covered taxes" means the part of the:**
15   **(A) state gross retail tax imposed under IC 6-2.5-2-1; or**

1   **(B) use tax imposed under IC 6-2.5-3-2.**
2   **attributable to the operation of a facility designated as part of**
3   **a community development area under section 4 of this**
4   **chapter:**
5   **(5) "Department" refers to the department of state revenue.**
6   **(6) "Designating body" means the legislative body of a**
7   **municipality.**
8   **(7) "Taxpayer" means a person that is liable for a covered**
9   **tax.**
10   **Sec. 3. (a) A designating body may designate as part of a**
11 **community development area any facility that is:**
12   **(1) owned by the municipality;**
13   **(2) owned by a postsecondary educational institution;**
14   **(3) a convention center or a facility used principally for**
15   **convention or tourism related events serving national or**
16   **regional markets;**
17   **(4) a venue used principally for sporting events; or**
18   **(5) a hotel.**
19 **The community development area may include only facilities**
20 **described in this section and any parcel of land on which a facility**
21 **is located. A community development area may contain**
22 **noncontiguous tracts of land within the municipality.**
23   **(b) If a facility is not owned by the municipality, a community**
24 **development area may contain the facility only if an agreement**
25 **exists between the designating body and the owner of the facility**
26 **specifying the distribution and uses of the covered taxes to be**
27 **allocated under this chapter.**
28   **Sec. 4. (a) A community development area must be established**
29 **by resolution according to the procedures set forth for the**
30 **establishment of an economic development area under IC 36-7-14.**
31 **Only one (1) community development area may be created in each**
32 **municipality.**
33   **(b) In establishing the community development area, the**
34 **designating body must make the following findings instead of the**
35 **findings required for the establishment of economic development**
36 **areas:**
37   **(1) There is a capital improvement that will be undertaken or**
38   **has been undertaken in the community development area for**
39   **a facility that is used for any facility specified in section 3(a)**
40   **of this chapter.**
41   **(2) The capital improvement that will be undertaken or that**
42   **has been undertaken in the community development area will**

1   **benefit the public health and welfare and will be of public**

2   **utility and benefit.**

3   **(3) The capital improvement that will be undertaken or that**

4   **has been undertaken in the community development area will**

5   **protect or increase state and local tax bases and tax revenues.**

6   **(c) The community development area established under this**

7   **chapter is a special taxing district authorized by the general**

8   **assembly to enable the designating body to provide special benefits**

9   **to taxpayers in the community development area by promoting**

10   **economic development that is of public use and benefit.**

11   **Sec. 5. (a) A resolution establishing a community development**

12   **area must do the following:**

13   **(1) Designate the facilities or proposed facilities and the**

14   **facility sites for which the community development area is**

15   **established.**

16   **(2) Provide for the allocation of covered taxes from the**

17   **community development area fund established for the**

18   **municipality under section 9 of this chapter. The allocation**

19   **provision must apply to the entire community development**

20   **area.**

21   **(3) Specify the uses of the covered tax revenue that is to be**

22   **allocated in the community development area.**

23   **(4) Provide that any bonds issued to finance a facility or**

24   **proposed facility must have a term that does not exceed**

25   **twenty-five (25) years, including any refinancing.**

26   **(5) Provides that the community development area terminates**

27   **not later than the thirtieth anniversary of the date on which**

28   **the resolution establishing the community development area**

29   **is adopted.**

30   **(b) The department may adopt rules under IC 4-22-2 and**

31   **guidelines to govern the allocation of covered taxes to a community**

32   **development area.**

33   **Sec. 6. (a) Upon adoption of a resolution establishing a**

34   **community development area under section 4 of this chapter, the**

35   **designating body shall submit the resolution to the budget**

36   **committee for review and recommendation to the budget agency.**

37   **(b) Upon adoption of a resolution changing the boundaries of a**

38   **community development area under section 4 of this chapter, the**

39   **designating body shall:**

40   **(1) publish notice of the adoption and substance of the**

41   **resolution in accordance with IC 5-3-1; and**

42   **(2) file the following information with each taxing unit whose**

territory intersects with the territory of the community
development area:
    (A) A copy of the notice required by subdivision (1).
    (B) A statement disclosing the impact of the community
    development area, including the following:
        (i) The estimated economic benefits and costs incurred
        by the district, as measured by increased employment
        and anticipated growth of property assessed values.
        (ii) The anticipated impact on tax revenues of each
        taxing unit.
The notice must state the general boundaries of the district.
    (c) Upon completion of the actions required by subsection (b),
the designating body shall submit the resolution to the budget
committee for review and recommendation to the budget agency.
The budget committee shall meet not later than sixty (60) days
after receipt of a resolution and shall make a recommendation on
the resolution to the budget agency.
    Sec. 7. (a) The budget agency must approve a resolution before
covered taxes may be allocated as provided in the resolution.
    (b) When considering a resolution, the budget committee and
the budget agency must make the following findings:
    (1) The cost of the facility and facility site specified under the
    resolution exceeds ten thousand dollars ($10,000).
    (2) The capital improvement specified under the resolution is
    economically sound and will benefit the people of Indiana by
    protecting or increasing state and local tax bases and tax
    revenues for at least the duration of the community
    development area established under this chapter.
    (c) Revenues from the community development area may not be
allocated until the budget agency approves the resolution.
    Sec. 8. (a) When the designating body adopts an allocation
provision, the fiscal officer of the municipality shall notify the
department by certified mail of the adoption of the provision and
shall include with the notification a complete list of the following:
    (1) The taxpayers in the community development area.
    (2) The addresses of the taxpayers specified in subdivision (1).
The fiscal officer of the municipality shall update the list before
July 1 of each year.
    (b) A taxpayer who operates a business location within a
community development area and who files a consolidated tax
return with the department shall also file annually an
informational return with the department for each business

1   **location of the taxpayer within the community development area.**
2   **(c) If a taxpayer fails to report the information required by this**
3   **section or file an informational return required by this section, the**
4   **department shall use the best information available in calculating**
5   **the amount of covered taxes attributable to a taxable event in a**
6   **community development area.**
7   **Sec. 9. If a community development area is established under**
8   **this chapter, a state fund known as the community development**
9   **area fund is established for that community development area. The**
10 **fund shall be administered by the department. Money in the fund**
11 **does not revert to the state general fund at the end of a state fiscal**
12 **year.**
13 **Sec. 10. Covered taxes attributable to a community development**
14 **area established under this chapter shall be deposited in the**
15 **community development area fund for the community**
16 **development area.**
17 **Sec. 11. On or before the twentieth day of each month, all**
18 **amounts held in a community development area fund shall be**
19 **distributed to the fiscal officer of the appropriate municipality.**
20 **Sec. 12. The department shall notify the fiscal officer of the**
21 **municipality of the amount of taxes to be distributed to the fiscal**
22 **officer of the municipality. For a part of a community development**
23 **area described in section 3(b) of this chapter, the department shall**
24 **notify the fiscal officer of the municipality of the amount of taxes**
25 **to be distributed to each party to the agreement. The notice must**
26 **specify the distribution and uses of covered taxes to be allocated**
27 **under this chapter.**
28 **Sec. 13. All distributions from the community development area**
29 **fund for the municipality shall be made by warrants issued by the**
30 **auditor of state to the treasurer of state ordering those payments**
31 **to the fiscal officer of the appropriate municipality.**
32 **Sec. 14. A designating body shall repay to the community**
33 **development area fund any amount that is distributed to the**
34 **designating body and used for:**
35 **(1) a purpose that is not described in this chapter; or**
36 **(2) a facility or facility site other than the facility and facility**
37 **site to which covered taxes are designated in the resolution**
38 **governing the community development area.**
39 **The department shall distribute the covered taxes repaid to the**
40 **community development area fund under this section**
41 **proportionately to the funds and the political subdivisions that**
42 **would have received the covered taxes if the covered taxes had not**

1 **been allocated to the community development area under this**
2 **chapter.**